



GEDLING BOROUGH COUNCIL

Internal Audit Plan 2018/19

Presented at the Audit Committee:

20 March 2018



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To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.



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1 INTRODUCTION

Our approach to developing your internal audit plan is based on analysing your corporate objectives, risk profile and assurance framework as well as other, factors affecting Gedling Borough Council in the year ahead, including changes within the sector.

1.1 Background

Gedling Borough lies on the outskirts of Nottingham City and covers 120 km² covering the mainly affluent northeastern suburbs of Greater Nottingham including Arnold, Carlton and part of Mapperley and then covers the area north of Nottingham into the rural villages of Calverton, Woodborough, Ravenshead and Newstead extending north to Mansfield, with a population of over 115,500. The Council manages a budget of £12.1 million. The Council like other public sector organisations continues to face challenges as part of the national deficit reduction programme, with total grant reduction of £5.9m being equivalent to a 66% cash reduction over a nine year period; as a result of this the Council is undergoing significant change in its approach to the way it supports local people and the services it provides. The Council has had to significantly increase its delivery of efficiency savings in order to maintain service levels.

1.2 Vision

“We aspire to be regarded as a great Council by the people and businesses we serve and the staff we employ, by making a positive difference to people’s lives and creating opportunities for everyone to achieve their full potential.”

1.3 Aims

Gedling Borough Council 2017/19 Plan has published its priorities for next three years which include:

People:

- Reduce anti social behaviour, crime & fear of crime.
- Reduce hardship and provide support to the most vulnerable.
- Improve health and wellbeing.
- Promote and encourage pride, good citizenship and participation in the local area.

Place:

- Create more jobs and better access to them.
- Ensure local people are well prepared and able to compete for jobs.
- Provide more homes.
- Provide an attractive and sustainable local environment that people can enjoy and appreciate.

Performance:

- Improve the customer experience of dealing with the Council.
- Create a stronger commercial and entrepreneurial culture.
- Maintain a positive and productive working environment and strong staff morale.

The detailed Internal Audit Plan (see Appendix A) will support you in the forthcoming year to achieve your priorities listed above.

2 DEVELOPING THE INTERNAL AUDIT PLAN

We use your objectives as the starting point in the development of your internal audit plan.

2.1 Risk Management processes

We have used various sources of information (see Figure A below) and discussed priorities for internal audit coverage with the Senior Leadership Team. A separate meeting was held with the Service Managers to discuss the development and content of the internal audit plan and strategy.

Based on our understanding of the Council and the information provided to us by the stakeholders above, we have developed an annual audit plan for the coming year and a high level strategic plan (see **Appendix A and B for full details**).



Figure A: Sources considered when developing the Internal Audit Strategy

2.2 How the plan links to your strategic objectives

Each of the reviews that we propose to undertake is detailed in the internal audit plan and strategy within Appendices A and B. In the table below we bring to your attention particular key audit areas and discuss the rationale for their inclusion within the strategy.

| Area | Reason for inclusion/ exclusion in the audit plan/strategy |
|---------------------------------|---|
| IT | As technology and technology related threats and opportunities continue to evolve, it is imperative that organisations have a clear understanding of how these impact on their day to day operations. Specific IT areas for review will be discussed and agreed with management. |
| GDPR Post Implementation Review | Potential significant change in the requirements of Data Protection within our clients as result of the 2016 Major Overhaul of EU Data Protection Laws. This will impact on the requirements for both the Council and its key stakeholders. The potential fines for a data breach will be significantly higher and there is a greater requirement for more stringent control processes to manage, store, transmit and secure confidential information. A post implementation review has therefore been included for 2018/19. |
| Financial Systems | The local government sector like other sectors faces financial pressures and there is a risk of financial loss and cashflow issues; these issues could lead to breakdown in basic financial controls with increased risk of fraud. Within the 2018/19 plan we have included a number of reviews focusing on financial systems, as well as service specific reviews requested by the Deputy Chief Executive / Director of Finance. |

As well as assignments designed to provide assurance or advisory input around specific risks, the strategy also includes: time for tracking the implementation of actions, a contingency allocation and an audit management allocation. Full details of these can be found in Appendices A and B.

2.3 Working with other assurance providers

The Audit Committee is reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not, seek to cover all risks and processes within the Council.

We will however continue to work closely with other assurance providers, such as external audit to ensure that duplication is minimised and a suitable breadth of assurance obtained.

3 YOUR INTERNAL AUDIT SERVICE

Your internal audit service is provided by RSM Risk Assurance Services LLP. The team will be led by Chris Williams (Partner) and supported by Amjad Ali as your Client Manager.

3.1 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that ““there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

3.2 Conflicts of interest

We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under internal auditing standards.

4 AUDIT COMMITTEE REQUIREMENTS

In approving the internal audit strategy, the Audit Committee is asked to consider the following:

- Is the Audit Committee satisfied that sufficient assurances are being received within our annual plan (as set out at Appendix A) to monitor the Council's risk profile effectively?
- Does the plan for internal audit (as set out at Appendix A) cover the Council's key risks as they are recognised by the Audit Committee?
- Are the areas selected for coverage this coming year appropriate?
- Is the Audit Committee content that the standards within the charter in Appendix C are appropriate to monitor the performance of internal audit?

It may be necessary to update our plan in year, should your risk profile change and different risks emerge that could benefit from internal audit input. We will ensure that management and the Audit Committee approve such any amendments to this plan.

APPENDIX A: INTERNAL AUDIT PLAN 2018/19

| Audit | High Level Scope for 2018/19 | Proposed timing | Days |
|--------------------------|---|-----------------|------|
| STRATEGIC | | | |
| Corporate Governance | Continued annual assurance focussing on compliance with the constitution. We will also consider the key elements of governance and the effectiveness and ability to react to and provide informed decisions. | Qtr 2 | 6 |
| Anti-Fraud Review | To conduct a high level overview of anti-fraud, bribery and corruption procedures and consider current and potential funding streams and resources in line with any proposed fraud strategy for the Council. | Qtr 4 | 10 |
| Risk Management | Consideration of the current risk management framework and arrangements which will include the risk management strategy, business areas approach to risk, risk register, reporting of risk and mitigations, review and update of the risk registers. Information report to management and committees. | Qtr 3 | 5 |
| FINANCIAL SYSTEMS | | | |
| Cash and Banking | This annual review will ensure that cash and bank processes across a sample of Council departments are operating effectively, and will cover the process for receiving and receipting cash income, allocation to customer accounts, banking, and receipt in the Councils bank account. The focus will be on the five Leisure Centres, Theatre and Kiosk and Arnold Market. | Qtr 3 | 15 |
| NNDR | Our audit will provide assurance that policies and procedures in relation to NNDR are followed and correct charges are being applied and will include identification and recording of persons liable for NNDR, billing methods and payment collection, recovery and writes offs, segregation of duties, exemptions, discounts, refunds including rate relief, inspection of void properties and completion of returns including NNDR returns. | Qtr 3 | 6 |
| Main Accounting System | To provide assurance over the operation of the general ledger. This review will include the input of approved budgets to the MAS, the roll forward of closing year end balances to the new financial year, journals, and user access to the general ledger. | Qtr 3 | 5 |
| Payroll and Expenses | We will seek to provide assurance that the processes in place for new starters, leavers and contractual changes affecting the payroll are well designed and operatively effectively. We will also review the payment process and ensure all staff receive the statutory paperwork due to them. | Qtr 3 | 7 |

| Audit | High Level Scope for 2018/19 | Proposed timing | Days |
|--|--|-----------------|------|
| Reconciliations | The review will focus on the reconciliation process to ensure procedures are being followed and reconciliations are being performed in a timely manner and all discrepancies are being dealt with accordingly. This will be a wide ranging review of the reconciliation process throughout the Council. | Qtr 2 | 6 |
| SERVICE SPECIFIC – HEALTH & COMMUNITY WELLBEING | | | |
| Community Centres | A review of a sample of Community Centres across the Borough in to how they are used. We will review the booking, recording and monitoring processes and controls of the activities that take place at the Centre to ensure they are followed in line with current policies and procedures. The audit will also ensure there is a clear documented trail between bookings for usage of the Centres and for the collection of related income. | Qtr 2 | 8 |
| Gedling Country Park Visitor Centre | A high level review to ensure that key controls (both financial and operational) in relation to the country park are in place and operating effectively. The review will focus on the contracting arrangements the Council has in place with Nottingham City Council and the performance reporting of this contract. | Qtr 1 | 6 |
| Landlord Licensing | To ensure the Council's arrangements for issuing and monitoring licences are adequate and in compliance with relevant legislation. | Qtr 4 | 6 |
| SERVICE SPECIFIC – ORGANISATIONAL DEVELOPMENT & DEMOCRATIC SERVICES | | | |
| Customer Services and One Stop Shop | Customer Services and One Stop Shop Areas meet the requirements of all service users, both internal and external. | Qtr 1 | 6 |
| GDPR Post Implementation Review | To ensure the Council has established effective systems to support compliance with the Data Protection requirements in respect of data storage, archiving, security, and subject access. | Qtr 4 | 7 |
| Mail Room | To ensure that the Mail Room provides an efficient, effective and secure service in line with Council requirements and documented policies and procedures. | Qtr 1 | 5 |
| IT Reviews | To review the processes employed by the Council for the management of risks in relation to the Council's IT network. It has been agreed with management that we will undertake two IT reviews during the year and exact scopes to be agreed with management. | Qtr 2 | 9 |
| SERVICE SPECIFIC – CHIEF EXECUTIVE | | | |
| Development Management | This review will focus on planning applications including timeliness of dealing with applications, the appeals process (including basis of appeals), review of planning decisions, KPIs and management reporting. | Qtr 2 | 7 |
| SERVICE SPECIFIC – FINANCE | | | |

| Audit | High Level Scope for 2018/19 | Proposed timing | Days |
|---|---|---------------------|------|
| Property – Investment, Miscellaneous Properties and Facilities Management | To ensure the Council has in place adequate processes for managing its property and land portfolio. Our review will include: policies and procedures, determination and approval of rents, application of approved rent, licenses and collection of income due. | Qtr 4 | 9 |
| Ground Maintenance, Parks and Open Spaces | To ensure the Council provides an effective grounds maintenance service within the Borough contributing to the better health and well-being of the residents and wildlife of Gedling. | Qtr 3 | 10 |
| Contract and Procurement | We will focus on whether policies and procedures are being adhered to with regards obtaining tenders and quotations, and the level of due diligence performed on potential new suppliers. We will also review the level of contractor performance management undertaken across the Council, and how this results in payments being made to contractors. We will review pre, mid and post contract processes for each of the sampled contracts. | Qtr 3 | 8 |
| Health and Safety | This review will focus on ensuring that the Council has adequate health and safety procedures in place with third parties, including contractual arrangements and ensure data is stored securely on the health and safety system used by the Council. | Qtr 4 | 8 |
| OTHER INTERNAL AUDIT ACTIVITY | | | |
| Follow up | To meet internal auditing standards, and to provide assurance on action taken to address previously agreed management actions, we will undertake two follow up reviews in the year. | Qtr 1 Qtr 3 | 10 |
| Contingency | To allow additional reviews to be undertaken in agreement with the Audit Committee or management based on changes in risk profile or assurance needs as they arise during the year. | As Required | 10 |
| Management | This will include: <ul style="list-style-type: none"> • Annual planning; • Preparation for, and attendance at, Audit Committee; • Regular liaison and progress updates; • Liaison with external audit and other assurance providers; and • Preparation of the annual opinion. | Throughout the year | 18 |

APPENDIX B: INTERNAL AUDIT STRATEGY 2018/19 – 2020/21

| Proposed area for coverage | Risk Register/ Potential risks to the area | 2018/19 | 2019/20 | 2020/21 |
|-----------------------------|---|---------|---------|---------|
| STRATEGIC | | | | |
| Corporate Governance | Non-compliance with Corporate Governance requirements. | ✓ | ✓ | ✓ |
| Anti-Fraud Thematic Review | Inadequate and ineffective fraud and money laundering policies and procedures. | ✓ | | |
| Risk Management | Inadequate and/or inappropriate Risk Management Strategy in place at the Council. | ✓ | ✓ | ✓ |
| FINANCIAL SYSTEMS | | | | |
| Cash and Banking | Failure to prevent budget overheating once the budget has been set (Risk Register: 1) | ✓ | ✓ | ✓ |
| | Failure to maintain financial integrity (Risk Register: 2) | | | |
| Council Tax | Failure to react to changes in legislation (Risk Register: 7) | | ✓ | |
| | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | | | |
| NNDR | Failure to react to changes in legislation (Risk Register: 7) | ✓ | | ✓ |
| | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | | | |
| Creditors and E Procurement | Failure to prevent budget overheating once the budget has been set (Risk Register: 1) | | ✓ | |
| | Failure to maintain financial integrity (Risk Register: 2) | | | |
| Debtors and Debt Recovery | Failure to prevent budget overheating once the budget has been set (Risk Register: 1) | | ✓ | |
| | Failure to maintain financial integrity (Risk Register: 2) | | | |

| Proposed area for coverage | Risk Register/ Potential risks to the area | 2018/19 | 2019/20 | 2020/21 |
|--|--|---------|---------|---------|
| Housing Benefits/ Universal Credit/ Council Tax Reduction Scheme | Failure to react to changes in legislation (Risk Register: 7) Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | | ✓ | |
| Main Accounting System | Failure to maintain financial integrity (Risk Register: 2) | ✓ | ✓ | ✓ |
| Payroll and Expenses | Failure to prevent budget overheating once the budget has been set (Risk Register: 1) Failure to properly utilise existing ICT, react to technology changes, and prevent data loss (Risk Register: 5) | ✓ | ✓ | ✓ |
| Reconciliations | Failure to maintain financial integrity (Risk Register: 2) | ✓ | | |
| Treasury Management | Failure to prevent budget overheating once the budget has been set (Risk Register: 1) Failure to maintain financial integrity (Risk Register: 2) | | | ✓ |
| SERVICE SPECIFIC – HEALTH & COMMUNITY WELLBEING | | | | |
| Community Centres | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | ✓ | | |
| Environmental Health and Enforcement (Food, H&S, Private Sector Housing) | Failure to react to changes in legislation (Risk Register: 7) Failure to react to an environmental incident or malicious act (Risk Register: 12) | | | ✓ |
| Leisure Centres (Carlton Forum) | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | | ✓ | |
| Gedling Country Park Visitor Centre | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | ✓ | | |
| External Funding | Failure to react to changes in legislation (Risk Register: 7) | | ✓ | |

| Proposed area for coverage | Risk Register/ Potential risks to the area | 2018/19 | 2019/20 | 2020/21 |
|--|---|---------|---------|---------|
| Landlord Licensing | Failure to react to changes in legislation (Risk Register: 7) Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | ✓ | | |
| SERVICE SPECIFIC – ORGANISATIONAL DEVELOPMENT & DEMOCRATIC SERVICES | | | | |
| Complaints Management / MP Letters | Inability to defend one-off challenges to a Council decision or new compensation trend emerges (Risk Register: 9) Failure to prevent damage to the Council's reputation (Risk Register: 11) | | ✓ | |
| Customer Services, Cashiering and One Stop Shop Area | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | ✓ | | |
| GDPR Post Implementation Review | Failure to properly utilise existing ICT, react to technology changes, and prevent data loss (Risk Register: 5) Failure to react to changes in legislation (Risk Register: 7) | ✓ | | |
| Freedom of Information | Failure to react to changes in legislation (Risk Register: 7) | | ✓ | |
| Elections – Returning Officer Role | Failure to comply with practice and procedures for administering local elections. | | | ✓ |
| HR Management | Failure to recruit and retain staff, and maintaining internal capacity (Risk Register: 4) | | | ✓ |
| IT Reviews | Failure to properly utilise existing ICT, react to technology changes, and prevent data loss (Risk Register: 5) Failure of contractors or partnership arrangements - contractual breaches (Risk Register: 8) | ✓ | ✓ | ✓ |
| Mail Room | Insufficient security inappropriate access to the mail room. Lack of monitoring of usage of postal services. Lack of performance monitoring to ensure there is internal customer satisfaction. | ✓ | | |

| Proposed area for coverage | Risk Register/ Potential risks to the area | 2018/19 | 2019/20 | 2020/21 |
|--|--|---------|---------|---------|
| Members Allowances and Expenses | <p>Payment of expenses is not adequately documented in procedures.</p> <p>The Council's policy towards car mileage and subsistence is not cost efficient.</p> <p>Expenses claims are not made on official forms or approved prior to processing.</p> <p>Management information is not being produced to monitor expenses being paid.</p> | | | ✓ |
| Performance Management | <p>Failure to maintain financial integrity (Risk Register: 2)</p> <p>Failure to recruit and retain staff, and maintaining internal capacity (Risk Register: 4)</p> | | | ✓ |
| SERVICE SPECIFIC – CHIEF EXECUTIVE | | | | |
| Building Control | Failure to protect & utilise physical assets (Risk Register: 6) | | ✓ | |
| Development Management | <p>Failure to maintain financial integrity (Risk Register: 2)</p> <p>Failure to protect & utilise physical assets (Risk Register: 6)</p> | ✓ | | |
| SERVICE SPECIFIC – FINANCE | | | | |
| Budgetary Control and Setting | <p>Failure to prevent budget overheating once the budget has been set (Risk Register: 1)</p> <p>Failure to maintain financial integrity (Risk Register: 2)</p> | | | ✓ |
| Capital Accounting and Asset Register | <p>Failure to maintain financial integrity (Risk Register: 2)</p> <p>Failure to protect & utilise physical assets (Risk Register: 6)</p> | | ✓ | |
| Car Parks | Failure of contractors or partnership arrangements - contractual breaches (Risk Register: 8) | | | ✓ |
| Property – Investment and Miscellaneous Properties and Facilities Management | <p>Failure to maintain financial integrity (Risk Register: 2)</p> <p>Failure to protect & utilise physical assets (Risk Register: 6)</p> | ✓ | | |

| Proposed area for coverage | Risk Register/ Potential risks to the area | 2018/19 | 2019/20 | 2020/21 |
|--|--|---------|---------|---------|
| Ground Maintenance, Parks & Open Spaces | Failure to protect & utilise physical assets (Risk Register: 6) | ✓ | | |
| | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | | | |
| Insurance | Inability to defend one-off challenges to a Council decision or new compensation trend emerges (Risk Register: 9) | | ✓ | |
| Payment Card Industry Compliance | Failure to prevent budget overheating once the budget has been set (Risk Register: 2) | | | ✓ |
| Contracts and Procurement | Failure to prevent budget overheating once the budget has been set (Risk Register: 1) | ✓ | ✓ | ✓ |
| | Failure of contractors or partnership arrangements - contractual breaches (Risk Register: 8) | | | |
| Property Services – Asbestos, Legionella, Fire Safety and Gas Safety | Failure to protect & utilise physical assets (Risk Register: 6) | | ✓ | |
| | Failure to react to changes in legislation (Risk Register: 7) | | | |
| Health and Safety | Failure to protect staff, including health & safety issues (Risk Register: 3) | ✓ | | ✓ |
| | Failure to protect & utilise physical assets (Risk Register: 6) | | | |
| | Failure to react to changes in legislation (Risk Register: 7) | | | |
| Emergency Planning and Business Continuity | Failure to properly utilise existing ICT, react to technology changes, and prevent data loss (Risk Register: 5) | | ✓ | |
| | Failure to react to an environmental incident or malicious act (Risk Register: 12) | | | |
| Cemeteries | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | | ✓ | |
| Street Cleansing | Failure to maintain service standards, customer satisfaction, and/or meet customer expectations (Risk Register: 10) | | | ✓ |
| OTHER INTERNAL AUDIT ACTIVITY | | | | |
| Follow up | To meet internal auditing standards, and to provide assurance on action taken to address previously agreed management actions. | ✓ | ✓ | ✓ |

| Proposed area for coverage | Risk Register/ Potential risks to the area | 2018/19 | 2019/20 | 2020/21 |
|----------------------------|---|---------|---------|---------|
| Contingency | To allow additional reviews to be undertaken in agreement with the Audit Committee or management based on changes in risk profile or assurance needs as they arise during the year. | ✓ | ✓ | ✓ |
| Management | This will include: <ul style="list-style-type: none"> • Annual planning • Preparation for, and attendance at, Audit Committee • Regular liaison and progress updates • Liaison with external audit and other assurance providers • Preparation of the annual opinion | ✓ | ✓ | ✓ |

APPENDIX C: INTERNAL AUDIT CHARTER

Need for the charter

This charter establishes the purpose, authority and responsibilities for the internal audit service for Gedling Borough Council. The establishment of a charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee.

The internal audit service is provided by RSM Risk Assurance Services LLP ("RSM").

We plan and perform our internal audit work with a view to reviewing and evaluating the risk management, control and governance arrangements that the organisation has in place, focusing in particular on how these arrangements help you to achieve its objectives.

An overview of our client care standards are included at Appendix D of the internal audit plan for 2018/19.

The PSIAS encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) as follows:

- Core Principles for the Professional Practice of Internal Auditing
- Definition of internal auditing
- Code of Ethics; and
- International Standards for the Professional Practice of Internal Auditing.

Mission of internal audit

As set out in the PSIAS, the mission articulates what internal audit aspires to accomplish within an organisation. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the mission.

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

Independence and ethics

To provide for the independence of internal audit, its personnel report directly to Chris Williams, Partner (acting as your Head of Internal Audit). The independence of RSM is assured by the internal audit service reporting to the Chief Executive and Deputy Chief Executive and S151 Officer.

The Head of Internal Audit has unrestricted access to the Chair of Audit Committee to whom all significant concerns relating to the adequacy and effectiveness of risk management activities, internal control and governance are reported.

Conflicts of interest may arise where RSM provides services other than internal audit to Gedling Borough Council. Steps will be taken to avoid or manage transparently and openly such conflicts of interest so that there is no real or perceived threat or impairment to independence in providing the internal audit service. If a potential conflict arises through the provision of other services, disclosure will be reported to the Audit Committee. The nature of the disclosure will depend upon the potential impairment and it is important that our role does not appear to be

compromised in reporting the matter to the Audit Committee. Equally we do not want the organisation to be deprived of wider RSM expertise and will therefore raise awareness without compromising our independence.

Responsibilities

In providing your outsourced internal audit service, RSM has a responsibility to:

- Develop a flexible and risk based internal audit strategy with more detailed annual audit plans. The plan will be submitted to the Audit Committee for review and approval each year before work commences on delivery of that plan.
- Implement the internal audit plan as approved, including any additional tasks requested by management and the Audit Committee.
- Ensure the internal audit team consists of professional audit staff with sufficient knowledge, skills, and experience.
- Establish a Quality Assurance and Improvement Program to ensure the quality and effective operation of internal audit activities.
- Perform advisory activities where appropriate, beyond internal audit's assurance services, to assist management in meeting its objectives.
- Bring a systematic disciplined approach to evaluate and report on the effectiveness of risk management, internal control and governance processes.
- Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake follow up reviews to ensure management has implemented agreed internal control improvements within specified and agreed timeframes.
- Report regularly to the Audit Committee to demonstrate the performance of the internal audit service.

For clarity, we have included the definition of 'internal audit', 'senior management' and 'board'.

- Internal audit – a department, division, team of consultant, or other practitioner (s) that provides independent, objective assurance and consulting services designed to add value and improve an organisation's operations. The internal audit activity helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- Senior management who are the team of individuals at the highest level of organisational management who have the day-to-day responsibilities for managing the organisation.
- Board of directors - The highest level governing body charged with the responsibility to direct and/or oversee the organisation's activities and hold organisational management accountable. Furthermore, "board" may refer to a committee or another body to which the governing body has delegated certain functions (e.g. an audit committee).

Authority

The internal audit team is authorised to:

- Have unrestricted access to all functions, records, property and personnel which it considers necessary to fulfil its function.
- Have full and free access to the Audit Committee.
- Allocate resources, set timeframes, define review areas, develop scopes of work and apply techniques to accomplish the overall internal audit objectives.

- Obtain the required assistance from personnel within the organisation where audits will be performed, including other specialised services from within or outside the organisation.

The Head of Internal Audit and internal audit staff are not authorised to:

- Perform any operational duties associated with the organisation.
- Initiate or approve accounting transactions on behalf of the organisation.
- Direct the activities of any employee not employed by RSM unless specifically seconded to internal audit.

Reporting

An assignment report will be issued following each internal audit assignment. The report will be issued in draft for comment by management, and then issued as a final report to management, with the executive summary being provided to the Audit Committee. The final report will contain an action plan agreed with management to address any weaknesses identified by internal audit.

The internal audit service will issue progress reports to the Audit Committee and management summarising outcomes of audit activities, including follow up reviews.

As your internal audit provider, the assignment opinions that RSM provides the organisation during the year are part of the framework of assurances that assist the board in taking decisions and managing its risks.

The most that the internal audit service can provide to the board is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The PSIAS use the terms Board and Senior management. For the purposes of our internal audit services to Gedling Borough Council, these are defined as:

The board refers to the Audit Committee which assumes responsibility for overseeing the work of internal audit.

Senior management is defined as those responsible for the leadership and direction of the organisation.

Data Protection

Internal audit files need to include sufficient, reliable, relevant and useful evidence in order to support our findings and conclusions. Personal data is not shared with unauthorised persons unless there is a valid and lawful requirement to do so. We are authorised as providers of internal audit services to our clients (through the firm's Terms of Business and our engagement letter) to have access to all necessary documentation from our clients needed to carry out our duties.

Quality Assurance and Improvement

As your external service provider of internal audit services, we have the responsibility for maintaining an effective internal audit activity. Under PSIAS, internal audit services are required to have an external quality assessment every five years. In addition to this, we also have in place an internal quality assurance and improvement programme, led by a dedicated team who undertake these reviews. This ensures continuous improvement of our internal audit services.

Any areas which we believe warrant bringing to your attention, which may have the potential to have an impact on the quality of the service we provide to you, will be raised in our progress reports to the audit committee.

Fraud

The Audit Committee recognises that management is responsible for controls to reasonably prevent and detect fraud. Furthermore, the Audit Committee recognises that internal audit is not responsible for identifying fraud; however internal audit will be aware of the risk of fraud when planning and undertaking any assignments.

Approval of the Internal Audit Charter

By approving this document, the internal audit strategy, the Audit Committee is also approving the internal audit charter.

APPENDIX D: OUR CLIENT CARE STANDARDS

- Discussions with senior staff at the client take place to confirm the scope six weeks before the agreed audit start date
- Key information such as: the draft assignment planning sheet are issued by RSM to the key auditee four weeks before the agreed start date
- The lead auditor to contact the client to confirm logistical arrangements two weeks before the agreed start date.
- Fieldwork takes place on agreed dates with key issues flagged up immediately.
- A debrief meeting will be held with audit sponsor at the end of fieldwork or within a reasonable time frame.
- Two weeks after a debrief meeting a draft report will be issued by RSM to the agreed distribution list.
- Management responses to the draft report should be submitted to RSM.
- Within three days of receipt of client responses the final report will be issued by RSM to the assignment sponsor and any other agreed recipients of the report.

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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